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SUPREME COURT, U.S.
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No. 08-121

IN THE

Supreme Court of the United States

SAMSUNG ELECTRONICS CO., LTD.,
Petitioner,

v.

RAMBUS INC.,
Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

RESPONDENT'S BRIEF IN OPPOSITION

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RESPONDENT'S BRIEF IN OPPOSITION

Attempting to broaden the issue beyond what is actually presented by the decision below, Samsung's petition for certiorari relies critically on asserting that the Federal Circuit rejected a principle that the court nowhere rejected. The Federal Circuit did not deny, but in fact recognized, that a district court has Article III power to sanction litigation misconduct, even after all other concrete disputes between the parties are resolved, where such unresolved sanctions have been placed in issue and are within the scope of the invoked statutory, rule-based, or inherent authority. The Federal Circuit held only that this case fell outside that principle, given the limitations on what Samsung requested in the district court and presented on appeal. Here, once the claim for attorney's fees was mooted when Rambus offered to pay the fees sought, no other authorized sanction was at issue, on appeal or in the district court, unlike in every precedent Samsung cites. Accordingly, the Federal Circuit's ruling is correct, narrowly limited, and fully consistent with the decisions of this Court and of other circuits that Samsung invokes. For those and other reasons, the petition should be denied.[1]

STATEMENT

1. At the outset, it is worth correcting Samsung's inflammatory opening reference to Rambus's destruction of various business documents as "some of the most remarkable litigation misconduct to have become the subject of litigation in recent memory."

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[1] Pursuant to Rule 29.6, Rambus Inc. states that it has no parent company and that no publicly held company owns 10 percent or more of its stock.

Pet. 3. This Court has noted the obvious fact that document destruction is itself routine and legitimate. *Arthur Andersen LLP v. United States*, 544 U.S. 696, 704 (2005). Only in certain circumstances is document destruction improper. As to Rambus, two of the three judges that have held trials on and independently rendered decisions on the charge of "spoliation" have rejected it.

Thus, even before the district court in the present case ruled, Judge Whyte rejected the charge in a Northern District of California case involving Hynix (like Samsung, Micron, and Infineon, one of the oligopoly of manufacturers of computer memory chips). *See* Pet. 3 n.1. After a full trial (including live testimony from witnesses who appeared only by transcript or tape in the present case), Judge Whyte found no bad faith on Rambus's part and, in any event, no litigation prejudice. *Hynix Semiconductor, Inc. v. Rambus Inc.*, 2006 WL 565893 (N.D. Cal. Jan. 5, 2006). Still earlier, the Chief Administrative Law Judge in the Federal Trade Commission, after a lengthy trial, similarly rejected a spoliation charge. *Initial Decision, In re Rambus, Inc.*, 2004 WL 390647, ftc.gov/os/adjpro/d9302/040223initialdecision.pdf (Feb. 23, 2004), at 243-45.[2]

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[2] On review, the FTC, in ruling against Rambus on other grounds, found it unnecessary to reach the correctness of the ALJ's non-spoliation ruling (which came after a full trial, in contrast to a preliminary ruling without a full record by an earlier ALJ). *FTC Liability Opinion*, 2006-2 Trade Cases ¶ 75,364, 2006 WL 2330117, ftc.gov/os/adjpro/d9302/060802 commissionopinion.pdf (July 31, 2006), at 115-18, *set aside*, *Rambus Inc. v. FTC*, 522 F.3d 456 (D.C. Cir. 2008), *rehearing denied* (Aug. 26, 2008); *FTC Order*, ftc.gov/os/adjpro/d9302/ 060802 rambus order.pdf (July 31, 2006) (generally vacating ALJ's Initial Decision except where adopted).

2. Judge Payne, in the Eastern District of Virginia, has taken a different view (Pet. App. 148a-207a), expressly disagreeing with Judge Whyte's findings (*id.* at 198a-206a). Judge Payne reached that determination in the present declaratory-judgment case, which Samsung filed—after Rambus had already sued Samsung for infringement in another forum—to take advantage of the views Judge Payne expressed in an earlier case not involving Samsung.

Beginning in 2000, Judge Payne presided over Rambus's patent-infringement litigation with Infineon, which involved four (out of many) patents that the Patent and Trademark Office issued to Rambus to protect inventions that made major advances in computer technologies—particularly in speeding the transfer of data between processing and memory components of personal computers.[3] In the *Infineon* case, Judge Payne was vigorously critical of Rambus. He deemed Rambus's claim-construction and infringement positions "completely untethered to the language of the patent claims," "baseless," "implausible," "unjustified," and "frivolous," saying that Rambus was "grossly negligent" in asserting its positions. *Rambus, Inc. v. Infineon Techs., AG*, 155 F. Supp. 2d 668, 676, 683-85 (E.D. Va. 2001). He characterized Rambus as acting in "bad faith" for not abandoning its claims after he rejected Rambus's claim constructions (*id.* at 677) and awarded attorney's fees and costs against Rambus in order "to unravel the deceptive web of claim construction created by Rambus." *Id.* at 687.

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[3] Inventor Mark Horowitz was given a special award in 2005 by the IEEE (originally, Institute for Electrical and Electronics Engineers) for his pioneering contributions to the field. (Information available through ieee.org; search Horowitz.)

On appeal, however, the Federal Circuit held that Rambus's claim constructions were *correct*, not frivolous or unjustified. *Rambus Inc. v. Infineon Techs., AG*, 318 F.3d 1081, 1088-96 (Fed. Cir.), *cert. denied*, 540 U.S. 874 (2003). The court of appeals also held, contrary to a jury determination partly upheld by Judge Payne (who then granted an injunction against Rambus extending beyond the liability verdict), that no reasonable jury could have accepted Infineon's charge that Rambus had committed fraud through its participation in a standard-setting organization. *Id.* at 1105. Judge Payne had characterized Rambus's actions as "predatory" and "pervasively inequitable." *Id.* at 1106-07.[4]

When the *Infineon* case returned to the district court for litigation of the infringement claims, under proper claim constructions and free of the factually unsupported fraud charge, Judge Payne "immediately entertained arguments regarding the spoliation of evidence." Pet. App. 4a. (He also permitted Infineon to add new counterclaims it could have filed

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[4] Hynix, Micron, and Nanya tried to improve on Infineon's attempt to prove improper nondisclosure in the standard-setting organization, but after a full trial, a jury rejected the charge, ruling in Rambus's favor. *See Hynix Semiconductor Inc. v. Rambus Inc.*, 2008 WL 1893502 (N.D. Cal. Mar. 24, 2008, special verdict form), 2008 WL 2951341 (N.D. Cal. July 24, 2008, order denying new-trial motion). When the FTC brought an administrative claim of monopolization against Rambus, based on similar allegations, the chief ALJ, after an extensive trial, entered hundreds of pages of detailed findings rejecting the claim. *Initial Decision*, *supra*. After the FTC then disagreed with its ALJ's determination and ruled in favor of its own complaint, *FTC Liability Opinion*, *supra*, the D.C. Circuit set aside the FTC's decision. *Rambus Inc. v. FTC*, 522 F.3d 456 (D.C. Cir. 2008), *rehearing denied* (Aug. 26, 2008).

long before and even to revive a counterclaim on which it had lost and not appealed.) After a hearing on a circumscribed record, Judge Payne stated from the bench that he was finding spoliation, and he promised to issue written findings. *Id.* The parties promptly settled the case, thus avoiding the risks and costs of appeals, and Judge Payne then dismissed the case without entry of any findings against Rambus or a judgment based on such findings. *Id.*

Licensing renegotiations between Rambus and Samsung broke down approximately three months later, at which time Rambus filed a patent infringement suit against Samsung. Rambus filed in the Northern District of California, where five years earlier Hynix had filed suit against Rambus, and where both Nanya and Micron had since been added as parties in various combinations of related suits before Judge Whyte. *See* Pet. App. 5a. The very next day, Samsung filed the present declaratory-judgment action—which Judge Payne accepted as related to *Infineon*—and tailored its complaint to encompass only the same four patents involved in *Infineon* (although Rambus was asserting those and additional patents against Samsung in California), for the expressed purpose of enabling Judge Payne easily to transport into this case the findings he was prepared to make in the concluded *Infineon* case. *See* 8/23/05 Tr. 118-19, 141. Samsung was aware that, six weeks earlier, Judge Whyte, in California, had rejected Hynix's invocation of issue preclusion based on the pre-settlement oral findings in *Infineon*. *See* Pet. App. 5a.

Rambus moved to transfer this case to the Northern District of California, but Judge Payne denied the motion. *See* Pet. App. 5a; *Samsung Elecs. Co. v.*

Rambus Inc., 386 F. Supp. 2d 708 (E.D. Va. 2005). Judge Payne kept this case despite the facts that (a) Rambus's suit in California against Samsung was the first-filed suit; (b) Rambus, as the patent owner, was the natural plaintiff, with Samsung's suit merely for declaratory relief (on natural defenses to Rambus's infringement claims); (c) the Northern District of California is not only Rambus's home forum but where Hynix had chosen to bring suit and where most of the witnesses are located (Samsung has no connection to the Eastern District of Virginia); (d) Judge Whyte in California already had five years of experience with the closely related litigation involving Hynix, and that litigation (unlike *Infineon*) was continuing; and (e) refusing to transfer presented an unavoidable risk of inconsistent judgments, because Judge Whyte had to go forward and resolve the same issues regardless, both in the Hynix matter and in the Rambus case against Samsung—and inconsistent resolutions of the spoliation issue in fact ultimately resulted. *See* page 2, *supra*. In the oral argument concerning the transfer motion, Judge Payne strongly suggested that he already agreed with Samsung about spoliation,[5] raising concerns about whether he

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[5] When Rambus discussed witness convenience as a transfer consideration, Judge Payne responded: "[Rambus's patents] can't be infringed if there's been unclean hands and spoliation, and *spoliation is the proper way to deal with it*. I mean, if it is." 8/23/05 Tr. 40 (emphasis added). Judge Payne also questioned whether Rambus's witnesses would invoke the Fifth Amendment (none ever has) rather than testify, given "the findings that already have been made about the extent to which those witnesses testified truthfully or not." *Id.* at 41. Judge Payne named one witness particularly, and when Rambus's lawyer noted that no findings challenging his veracity had been issued, Judge Payne suggested that such findings were already set: "I'll be glad to flesh them out as they are sitting in a written opinion

would be able to resolve the issues in this case on the record in this case—a resolution to which Rambus was entitled.[6]

In September 2005, Rambus filed convenants not to sue Samsung on the four patents at issue here and then voluntarily dismissed its related infringement counterclaims. The district court recognized that those actions mooted the merits dispute in the case, but it retained jurisdiction to adjudicate Samsung's request for attorney's fees, despite Rambus's "written offer to compensate Samsung for the full amount of its requested attorney fees." Pet. App 5a-6a. Samsung here expressly acknowledges that the only sanction it moved to impose was attorney's fees:

> Petitioner asked the court to sanction respondent *by awarding attorney's fees* pursuant to the Patent Act's 'exceptional-case' provision, 35 U.S.C. § 285, or alternatively pursuant to the court's inherent powers.

Pet. 8 (emphasis added).

After the district court refused to dismiss the fees request, Rambus, "as suggested by the court, . . . followed up with a formal offer of judgment under Fed. R. Civ. P. 68" in November 2005. Pet. App. 6a.

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in my office, which was in part the basis for the judgment." *Id.* at 43. No such judgment had ever issued.

[6] Contrary to Samsung's assertion (Pet. 4), Rambus's appeal in the present case did challenge Judge Payne's eventual findings of spoliation as infected centrally by legal error (hence clearly erroneous), specifically, the making of crucial credibility assessments based on demeanor evidence improperly imported from the *Infineon* case. Rambus CA Br. 49-52. The Federal Circuit did not need to reach this ground of appeal. Nor did it reach Rambus's challenge to the denial of Rambus's transfer motion. *Id.* at 40-48.

Nevertheless, the district court in July 2006 ruled on Samsung's motion for attorney's fees. The court *denied* the motion (*id.* at 218a), because, as its separate opinion explained, Rambus terminated this suit early and there was insufficient connection between the alleged spoliation and the claimed attorney's fees. *Id.* at 6a, 211a-14a. The denial is the order making the judgment final, and, as the Federal Circuit observed, "it denied Samsung the only relief sought." *Id.* at 6a. Along the way toward denying fees, however, the district court in its opinion made extensive findings of spoliation largely based on the *Infineon* record. *Id.* at 6a, 148a-207a.

3. On Rambus's appeal, the Federal Circuit vacated and remanded with instructions to dismiss. *Id.* at 14a. As the Federal Circuit noted, Rambus raised a "legitimate question," at the threshold, about its own right to appeal the fees-denial order, which was favorable to Rambus. *Id.* at 6a, 8a.[7] But the court of

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[7] Rambus's appeal was a protective one. If Rambus had not appealed, but a court later determined that it could have done so, Rambus would have lost its main (or perhaps only) opportunity to challenge Judge Payne's findings, including on grounds of mootness, impropriety of the refusal to transfer, and infection by reliance on improperly imported evidence. Upon filing the appeal, Rambus immediately sought a definitive confirmation of its position that it could not appeal.

One consequence of non-appealability would be to bar any use of the findings against Rambus for issue preclusion. *See Kircher v. Putnam Funds Trust*, 547 U.S. 633, 647 (2006). We note that there also are other grounds for rejecting issue preclusion: *e.g.*, findings adverse to a party that prevails on different grounds flunk the issue-preclusion precondition of being necessary to a judgment (*see* 18 Wright, Miller & Cooper, *Federal Practice and Procedure* § 4421, at 551 (2d ed. 2002)); and Judge Payne's findings are inconsistent with Judge Whyte's earlier findings (*see* page 2, *supra*; *Parklane Hosiery Co. v. Shore*, 439 U.S. 322,

appeals considered it unnecessary to reach that question before addressing whether the offer of fees rendered the only live issue in this case moot. *Id.* at 6a-8a (citing *Arizonans for Official English v. Arizona*, 520 U.S. 43, 66-67 (1997)). The court of appeals agreed that the fees offer mooted this case, rendering the district court without jurisdiction to adjudicate and enter findings about spoliation. *Id.* at 8a-14a.

From the outset, the court of appeals stressed, as Samsung has acknowledged (Pet. 8), that "the only relief sought" by Samsung was an award of fees, which the district court denied. Pet. App. 6a. For that reason, the court explained, Rambus's offer of fees mooted the case because "[a]n offer for full relief moots a claim for attorney fees." *Id.* at 8a (relying on *Greisz v. Household Bank, N.A.*, 176 F.3d 1012, 1015 (7th Cir. 1999) (per Posner, J.)). The court then affirmatively recognized and endorsed decisions that allow sanctions under Fed. R. Civ. P. 11 to be imposed after the merits of an action are resolved (*id.* at 9a, citing and quoting *Cooter & Gell v. Hartmarx Corp.*, 496 U.S. 384, 395-96 (1990), *Willy v. Coastal Corp.*, 503 U.S. 131, 138 (1992), and *Perkins v. General Motors Corp.*, 965 F.2d 597, 602 (8th Cir. 1992)), and stated: "As these authorities show, a federal trial court enjoys discretion to postpone collateral issues until completion of the principal action." Pet. App. 9a. But the court explained that this case was different.

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330 (1979); 18 Wright, Miller & Cooper, *supra*, § 4404, at 64). At least for those reasons, Samsung is wrong in its assertion (Pet. 2) that this case is "of great importance to the semiconductor industry."

In this case, the "only issue pending before the court was Samsung's motion for attorney fees," principally under 35 U.S.C. § 285 and secondarily under the district court's inherent power. Pet. App. 10a. Section 285 "is not a separate sanction statute in and of itself," but provides *only* for a fee award as a sanction; although it requires a finding that the case is "exceptional" as a precondition to a fee award, it "does not make a finding of exceptionality a *separate* sanction." Pet. App. 10a. Accordingly, once the fees were offered, Section 285 provided no authority for a separate sanction—unlike, for example, Rule 11. Pet. App. 10a-11a. When the concrete remedy authorized has been offered, "'an opinion on whether the defendant has actually violated the law . . . would be merely an advisory opinion, having no tangible, demonstrable consequence, and is prohibited.'" *Id.* at 11a (quoting *Chathas v. Local 134 IBEW*, 233 F.3d 508, 512 (7th Cir. 2000) (per Posner, J.)).

As for inherent authority, the court expressly recognized that "[c]ourts possess inherent powers to sanction litigation misconduct." Pet. App. 11a. The court extensively quoted this Court's explanation of the substantive standards mandating caution in invoking such authority, particularly when the conduct is covered by statutory or rule-based grants of sanctioning authority. *Id.* at 12a-13a (quoting *Chambers v. NASCO*, 501 U.S. 32, 45-59 (1991)). The court then explained, first, that the district court recognized its inherent power to sanction "but expressly declined to invoke it to sanction Rambus" (*id.* at 13a) and, second, that in this case, where only a fees-award sanction was at issue, the case was moot "[o]nce the underlying attorney fees were offered." *Id.* at 14a.

Samsung did not seek panel or en banc rehearing.

ARGUMENT

The decision of the court of appeals is narrow and correct, and it does not rest on the ground Samsung asserts or create the alleged intercircuit conflict. The court of appeals recognized, rather than denied, that a non-fees sanction for litigation-related misconduct may be imposed even after the litigation is otherwise concluded, pursuant to authority providing for such a sanction, such as Fed. R. Civ. P. 11 or the court's inherent authority in appropriate circumstances. Rather, the court held that neither of the two bases invoked by Samsung—35 U.S.C. § 285 and inherent authority—supported Samsung's argument against mootness, for reasons that are particular to this case, not in conflict with any other decision, and not part of the questions presented in the certiorari petition.

Thus, the court of appeals relied on the fact, which Samsung concedes (Pet. 8), that Samsung's motion in this case was only for a fees sanction. It held that Section 285 does not authorize a non-fees sanction in the form of a free-standing judgment that the case is "exceptional"—a statute-specific ruling that is not encompassed within the petition's two questions presented. The court of appeals also explained that the district court had rejected reliance on inherent authority for merits reasons not challenged by Samsung on appeal or in its certiorari petition and that, in any event, inherent authority could not sustain jurisdiction where only a fees sanction was sought but the fees had been offered. None of these rulings remotely creates a conflict with this Court's or other circuits' decisions, and they provide no basis for review. The petition should be denied.

A. The First Question Presented Does Not Warrant Review

Samsung's first question asks whether "a party may unilaterally strip the district court of jurisdiction to sanction misconduct by offering to pay the attorney's fees sought by the opposing party." Pet. i. Seeking to generalize the issue to overcome the narrowness of the Federal Circuit's actual grounds of decision, that question ignores two crucial distinctions. It ignores the distinction between a *fees* sanction and a *non-fees* sanction as a judgment, order, decree, or other formal judicial action, and it also ignores the need to establish that the invoked authority actually provides for a non-fees sanction, generally and in the circumstances of the case. The Federal Circuit attended to those distinctions and rested its decision on them; it thus did not rule that an offer of fees always moots consideration of non-fees sanctions under a grant of authority providing for them. The decision therefore does not involve the ruling that Samsung's broad question posits, and the decision is wholly in accord with this Court's and other circuits' decisions.

1. Samsung does not challenge (and did not challenge in the Federal Circuit) the district court's refusal to award the fees it sought. Samsung also nowhere denies that Rambus's offer of fees mooted any authority to issue the requested *fees* award. Instead, it rests its petition on the contention that a *non-fees* sanction might nevertheless be a live issue after such an offer. But the Federal Circuit nowhere denied that proposition. The court concluded, both narrowly and correctly, that there was no such live issue in this case.

First: The court recognized that there must be a source of authority invoked that provides for any non-fees sanction judgment that might be at issue. No decision cited by Samsung, from this Court or elsewhere, says otherwise. Here, however, the only two sources of authority for *any* sanction were inapplicable to support any non-fees sanction judgment. The substantive scope of the two particular grants of authority is neither at issue in the questions presented nor worthy of review, and (for inherent authority) Samsung did not preserve any substantive-scope issue on appeal. Moreover, as the omission of such issues from the questions presented confirms, the threshold question of appealability by a party that prevailed on the order at issue (denying fees), *see* Pet. App. 6a-8a, note 9, *infra*, would make this a poor vehicle for review of any such substantive-scope issues, even aside from other considerations.

More particularly, the Federal Circuit held that 35 U.S.C. § 285, unlike Rule 11 (for example), is not authority for a non-fees sanction as a judgment. Pet. App. 10a-11a. Samsung's questions presented, seeking to broaden the question to constitutional ones generally, do not challenge that statute-specific conclusion. Pet. i. Even the body of the certiorari petition contains no analysis of the particular statute and its scope. *Cf.* Pet. 16, 20.[8] In any event, Section 285 is expressly limited to fees as a sanction. And the court of appeals' correct, straightforward reading of

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[8] *Roadway Express, Inc. v. Piper*, 447 U.S. 752 (1980), which Samsung cites for another purpose (Pet. 27-28), makes clear that the scope of a statutory grant of sanctioning authority—28 U.S.C. § 1927, which Congress subsequently amended after this Court construed it narrowly—requires careful textual and other analysis, none of which Samsung offers. 447 U.S. at 757-63.

Section 285 does not leave courts lacking needed authority to deter or to sanction misconduct, given the availability of such tools as Rules 11, 16, 26, and 37, 28 U.S.C. § 1927 (for attorneys), and inherent authority in appropriate circumstances, as well as the deterrent and punitive effect of Section 285 fee awards and of having to offer the demanded concrete relief as a precondition to mootness. (As with 28 U.S.C. § 1927, Congress also may consider amending Section 285.) The scope of Section 285 is thus neither presented for nor worthy of review here.

As discussed more fully *infra* with respect to Samsung's second question presented, the Federal Circuit also correctly held that inherent authority was unavailable to Samsung for a non-fees sanction judgment in this particular case. The court noted that the district court had rejected invocation of inherent authority under this Court's substantive standards for applying such authority. Pet. App. 13a. Samsung made no challenge to that merits ground on appeal. Likewise, Samsung's petition states no question about the substantive standards governing inherent authority, limiting its question presented to the jurisdictional timing issue. Pet. i.

Second: In any event, the express premise of the Federal Circuit's decision is that, in this case, a non-fees sanction as a formal judicial action was not actually at issue. Indeed, in the court of appeals, no such judgment even could have been at issue. A non-fees sanction would be a judgment more adverse to Rambus than the only relevant judgment entered by the district court—which was to *deny*, in full, Samsung's motion for fees. Pet. App. 218a. Samsung did not file a cross-appeal to seek such a different, non-fees sanction judgment. Because a cross-appeal

is a strict precondition to altering the judgment below, at least in a way more adverse to the opposing party appellant, *see Greenlaw v. United States*, 128 S. Ct. 2559, 2564-65 (2008), Samsung waived any claim to a non-fees sanction judgment.

Further, as the Federal Circuit explained, a fees judgment, which the district court denied, was "the only relief sought." Pet. App. 6a. The Federal Circuit's decision is limited to that premise, and the premise is correct. Samsung's petition expressly acknowledges that its motion only "asked the court to sanction respondent *by awarding attorney's fees*," whether under Section 285 or inherent authority. Pet. 8 (emphasis added). The district court's order creating a final judgment simply, and in full, denied Samsung's "petition for attorney's fees." Pet. App. 218a; *see id.* at 217a (conclusion of opinion simply denying Samsung's motions, not granting in part). The court neither granted Samsung's petition in part nor otherwise issued a verbal-condemnation "sanction" judgment. Moreover, as the dispositive order's description confirms, the district court repeatedly observed that the only concrete judgment sought was one for "attorney's fees, whether under § 285 or the court's inherent power." Pet. App. 217a & n.40; *id.* at 54a, 75a (Samsung "has moved for an award of attorney's fees against [Rambus], under 35 U.S.C. § 285 and the court's inherent power"), 112a (same), 214a. In these circumstances, the offer of fees did moot the dispute, depriving the district court of jurisdiction to issue adverse findings in its opinion, and no legal authority Samsung cites establishes otherwise.

2. Mootness cannot be avoided by the possibility that a district court might make adverse findings in

the course of ruling on a claim for concrete relief that is itself no longer in dispute. Because that possibility is commonplace, a contrary result would obliterate the well-established principle that an opinion on legality is purely advisory when the concrete relief is no longer in dispute (*see* Pet. App. 11a, quoting *Chathas*, 233 F.3d at 512) and would disregard the elementary principle that federal courts act through judgments (including orders, decrees, and other formal actions), not through statements or findings in themselves. That principle underlies the "general rule" that "a party may not appeal from a favorable judgment simply to obtain review of findings it deems erroneous." *Mathias v. WorldCom Techs., Inc.*, 535 U.S. 682, 684 (2002); *see Black v. Cutter Labs.*, 351 U.S. 292, 297 (1956) ("This Court, however, reviews judgments, not statements in opinions."). Failing to respect the distinction would open the door to appellate review of the numerous cases in which adverse, harsh, or critical findings are made about a party that nevertheless prevails on the only concrete relief at stake.[9]

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[9] *See In re Williams*, 156 F.3d 86, 90 (1st Cir. 1998) ("federal appellate courts review decisions, judgments, orders, and decrees—not opinions, factual findings, reasoning, or explanations"); *Chathas*, 233 F.3d at 512 ("Judgments are appealable; opinions are not."); *United States v. Accra Pac, Inc.*, 173 F.3d 630, 632 (7th Cir. 1999) ("it is work enough to resolve claims made by losers; review of claims made by *winners* could double the caseload"); 18 *Moore's Federal Practice* § 132.03[4][k][ii] (3d ed. 2006) ("Findings contrary to the judgment are not appealable.").

This principle supplies an additional reason to deny review here. *See* Pet. App. 8a (noting that Rambus "raise[d] a legitimate question" about such appellate authority, but holding that district court jurisdiction could be decided first).

In the context of "sanctions," as the First Circuit explained, it is therefore vital to distinguish even strongly negative findings from formal reprimands or other sanctions: "critical comments made in the course of a trial court's wonted functions—say, fact-finding or opinion writing—do not constitute a sanction and provide no independent basis for an appeal." *In re Williams*, 156 F.3d at 90; *see id.* at 92 (rejecting argument that a "bankruptcy court's harshly worded findings are tantamount to a sanction in the form of a public reprimand and, therefore, ground appellate jurisdiction"). Even where the judicial criticism is of an *attorney*, the Eighth Circuit—one of the two circuits Samsung features for its alleged intercircuit conflict—has recognized the need to maintain the distinction between adverse findings and formal condemnations, for "appellate review of every judicial scolding of an attorney would presage 'a breathtaking expansion in appellate jurisdiction.'" *Baker Group, L.C. v. Burlington Northern & Santa Fe Ry.*, 451 F.3d 484, 491 (8th Cir. 2006). And *attorney* condemnation is a distinctive if not unique situation, because an attorney commonly suffers reporting or other consequences from formal judicial condemnations, as recognized by the Fifth Circuit, the other circuit Samsung identifies for its alleged intercircuit conflict. *Walker v. City of Mesquite*, 129 F.3d 831, 832 (5th Cir. 1997); *Fleming & Assoc. v. Newby & Tittle*, 529 F.3d 631, 640, 641 (5th Cir. 2008) (citing *Walker*). The present case involves no issue of *attorney* sanction; and even if a party reprimand were a cognizable "sanction" (under some grant of authority), in this case no formal reprimand was issued—the only order was denial of fees.

It is no answer to say that one purpose of even a fees sanction can be to "punish and deter" (as well as

to compensate) and so "sanctions disputes transcend the relationship between the parties." Pet. 14; *see id.* at 15-17. The prerequisite remains that the particular sanction invoked be for relief not fully offered and be within a grant of authority—the grounds of decision here. Samsung cites not a single case holding or even stating otherwise. Indeed, many judgments, such as tort remedies, likewise have a "dual-purpose nature" (Pet. 15), but offering the concrete relief at stake terminates the federal court's power to adjudicate the wrongfulness of the defendant's conduct, as the Seventh Circuit explained in *Clark Equip. Co. v. Lift Parts Mfg. Co., Inc.*, 972 F.2d 817, 819 (1992) (quoted at Pet. 21). Samsung cites no decision, of this Court or another circuit, that concludes otherwise or disregards the need to distinguish a fees sanction from a non-fees sanction just because both serve purposes beyond the party-specific and compensatory.

3. Once the distinctions ignored by Samsung, but relied on by the Federal Circuit, are borne in mind, Samsung's allegation of conflict with this Court's and other circuits' decisions dissolves. Samsung relies on this Court's decisions ruling or stating that, even if the dispute is otherwise terminated, a district court may constitutionally impose sanctions for litigation-related misconduct. But the Federal Circuit positively embraced rather than denied that proposition. Pet. App. 9a. Moreover, the two decisions of this Court that Samsung cites for its Article III position, *Cooter & Gell* and *Willy*, both involved a still-disputed *fees* sanction; they say nothing at all about the preconditions for a non-fees sanction after fees

are offered. *Cooter & Gell*, 496 U.S. at 390; *Willy*, 503 U.S. at 133.[10]

Samsung points to two decisions, from the Eighth and Fifth Circuits, involving non-fees sanctions, but the Federal Circuit decision is perfectly consistent with both. Neither decision involves the scope of Section 285 or inherent authority; and neither decision affirms power to impose a non-fees sanctions judgment when no such judgment is at issue. For those and other reasons, there is no conflict. Indeed, the Federal Circuit cited the Eighth Circuit decision with approval. Pet. App. 9a.

Perkins, *supra*, from the Eighth Circuit, involved a formal non-fees sanction order against an attorney, as well as plaintiff Perkins, under invoked grants of authority other than Section 285, namely, Rules 11

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[10] Nor do the other two decisions of this Court that Samsung cites at Pet. 22—neither of which involved *any* Article III issue. *Chambers*, 501 U.S. at 40 n.5, notes the district court's "reprimand of the petitioner's sister" (Pet. 22), but *Chambers* involved only the substantive scope of inherent authority to award a vigorously disputed fees sanction (not an Article III question); and the sister was not even among the "parties to the action before this Court" (501 U.S. at 40 n.5). Moreover, the Court's footnote listing disbarment, suspension from practice, and a "reprimand" as non-monetary sanctions highlights the need to distinguish formal judicial actions from mere adverse findings. *Id.* The Federal Circuit questioned none of this.

Bank of Nova Scotia v. United States, 487 U.S. 250, 263 (1988), likewise involved no Article III issue, but rather the propriety of a district court's dismissal of an indictment for prosecutorial misconduct. The Court noted in passing the availability of other remedies such as "chastis[ing] the prosecutor." *Id.* The Court had no occasion to address the prerequisites to placing in issue and issuing such a formal condemnation of an attorney, and nothing in the Federal Circuit's decision questions any such judicial authority.

and 26(g) and 28 U.S.C. § 1927. 965 F.2d at 600-02. Nothing in the Federal Circuit's opinion questions the authority to issue such sanctions; hence the Federal Circuit's *approving* citation of *Perkins*. Further, *Perkins* is different for yet another reason: the sanctions in *Perkins* were actually imposed, at the defendant's request, *before* the case was settled, as *Perkins* noted. 965 F.2d at 599 ("It is undisputed that the district court had subject-matter jurisdiction over the case when the sanctions were ordered."). The only question was whether the sanction order, entered when the dispute was live, had to be vacated once the parties settled. That question is not presented here. *Cf. U.S. Bancorp Mort. Co. v. Bonner Mall P'shp*, 513 U.S. 18, 29 (1994) (once a judicial ruling is rendered, parties' settlement generally does not justify vacatur by reviewing court).[11]

Similar grounds defeat Samsung's claim of conflict with the Fifth Circuit's decision in *Fleming*, *supra*, which post-dates the Federal Circuit decision here. In fact, *Fleming* insisted on carefully distinguishing fees and non-fees sanctions—both, in that case, rendered only against attorneys (as the court stressed) —and it ordered the former vacated as moot, while preserving the latter, after a settlement. *Id.* at 637-41.[12] Like

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[11] In addition, every instance of misconduct held sanctionable in *Perkins* involved the *attorney* (in some instances along with the plaintiff), 965 F.2d at 600-02, and the Eighth Circuit stressed the special interest of the attorney in appealing the formal judicial condemnation after the parties have settled (as the law encourages them to do). *Id.* at 600.

[12] Samsung recognizes that other circuits also treat as critical the distinction between a sanction of fees payable to the other party, on the one hand, and other types of sanctions, including (but not limited to) fines or other amounts payable to the court, on the other. *See* Pet. 21 (describing decisions of Seventh, Elev-

Perkins, but unlike this case, *Fleming* involved neither Section 285 nor inherent authority, nor any non-fees sanction beyond what a source of authority provided for. Rather, *Fleming* involved a formal attorney sanction under Rule 16(f), which plainly provides for non-fees sanctions as formal judicial orders, and whose scope is neither involved nor questioned in the present case. 529 F.3d at 641. Further, as in *Perkins*, the sanction was imposed at a time when the case was undisputedly live, and the only question was whether it had to be vacated upon later settlement—a question not present here. *Id.* at 636, 640.

Thus, the Federal Circuit decision in this case creates no conflict with decisions of this Court or of any other circuit.

B. The Second Question Does Not Warrant Review

Samsung's second question asks "[w]hether a federal court possesses inherent power to impose sanctions after the underlying claims have been resolved." Pet. i; Pet. 24-25 (discussing *Cooter & Gell* and *Willy*). But the Federal Circuit, far from disputing that such power exists, expressly recognized that it does. Pet. App. 9a (quoting *Cooter & Gell* and *Willy* and endorsing what "these authorities show"), 11a-14a. Rather, the Federal Circuit (like the district court) properly rejected the invocation of inherent power for reasons that are specific to this case, that are not involved in any of the precedents Samsung

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enth, Second, and Ninth Circuits). That distinction, reflected in *Fleming*, is in accord with the Federal Circuit decision in this case.

cites, and that do not question the legal principle invoked by Samsung.

First: The Federal Circuit recognized that inherent power is subject to substantive standards, including the critical principle articulated in this Court's decision in *Chambers*, 501 U.S. at 45-59, that inherent power should generally not be resorted to where the "conduct . . . could be adequately sanctioned" under statutory or rule-based authority. Pet. App. 13a (quoting *Chambers*, 501 U.S. at 48-49). Here, as the Federal Circuit observed, the district court (citing that principle, *id.* at 215a) "expressly declined to invoke [inherent authority] to sanction Rambus." *Id.* at 13a. That first ground of the Federal Circuit's rejection of Samsung's invocation of inherent authority does not doubt that such authority can be available even after the merits have otherwise been resolved, which is Samsung's question presented. Rather, it simply relies on the district court's (discretion-based) application in this case of the substantive limits on such authority.

The Federal Circuit could so rely without further elaboration because, in its appellate brief, Samsung presented no argument whatever that the district court's declining to invoke inherent authority was an abuse of discretion under the *Chambers* standard.[13] That is a waiver. Moreover, as already noted, Samsung filed no cross-appeal to seek a *non-fees* sanction as a judgment. In any event, there is no basis for questioning the case-specific conclusion that inherent

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[13] In a single page, Samsung argued *only* that the district court "retained jurisdiction" to invoke its inherent powers; it presented no argument that the district court abused its discretion in declining to invoke them. Samsung CA Br. 40-41.

power should not be exercised here, and Samsung's question presented, which addresses only the survival of any inherent power after the merits dispute has been resolved, does not challenge the substantive standards for invoking inherent power on which the courts below relied. Those standards, as *Chambers* indicates, keep inherent authority properly secondary to grants of authority framed through the legislative or rule-making processes.

Second: The Federal Circuit explained that, "[i]n any event," inherent power was unavailable for an additional reason peculiar to this case. Pet. App. 14a. As Samsung's petition acknowledges (Pet. 8), and as the district court recognized, Samsung invoked inherent power *only* as a basis for a *fees* judgment. Pet. App. 214a ("Samsung also seeks an award of attorney's fees under the court's inherent power to sanction the prosecution of bad faith litigation and litigation misconduct."); *id.* at 211a (heading: "Whether Rambus' Pre-Filing Spoliation Warrants An Award of Attorney's Fees Under 35 U.S.C. § 285 Or The Court's Inherent Power"). It is in these circumstances that, "[o]nce the underlying attorney fees were offered, the case was moot," the Federal Circuit explained. *Id.* at 14a. That conclusion is tied to the fact that, in this case, no judgment but a fees judgment was at issue (and Samsung did not cross-appeal to seek any non-fees judgment). The Federal Circuit did not question the existence of inherent power, if otherwise appropriate, to issue a still-disputed sanction judgment when such a judgment is at issue.

For these reasons, Samsung's second question attacks a straw man. The Federal Circuit did not answer Samsung's question in the negative. Hence the decision does not conflict with Samsung's cited

authorities (Pet. 25-26), which in fact involved fully preserved and vigorously disputed claims to fee awards under inherent authority. *See Roadway Express, supra*; *Red Carpet Studios Div. of Source Advantage, Ltd. v. Sater*, 465 F.3d 642 (6th Cir. 2006); *Schlaifer Nance & Co. v. Estate of Warhol*, 194 F.3d 323 (2d Cir. 1999). The Federal Circuit's decision does not deny the existence of inherent authority to issue such awards.[14]

CONCLUSION

The petition for a writ of certiorari should be denied.

Respectfully submitted,

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[14] Samsung invokes *Roadway Express* to seek a remand (Pet. 27-28), but *Roadway Express* (which pre-dates the *Chambers* analysis of the scope of inherent authority) involved a party that fully preserved its substantive claim to the exercise of inherent authority (there, to award fees against attorneys). Samsung did not appeal the district court's substantive rejection of inherent authority in the circumstances of this case. It is not entitled to a second chance to establish the required abuse of discretion.